

Komatsu Ltd.

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Consolidated Business Results for Six Months of the Fiscal Year Ending March 31, 2021 (U.S. GAAP)

1. Results for Six Months Ended September 30, 2020

(Amounts are rounded to the nearest million yen)

(1) Consolidated Financial Highlights

Millions of yen except per share amounts

	Six Months ended September 30, 2020	Six Months ended September 30, 2019	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	957,717	1,213,485	(255,768)	(21.1%)
Operating income	60,342	141,982	(81,640)	(57.5%)
Income before income taxes and equity in earnings of affiliated companies	58,530	128,212	(69,682)	(54.3%)
Net income attributable to Komatsu Ltd.	37,294	90,062	(52,768)	(58.6%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥39.48	¥95.40	¥(55.92)	
Diluted	¥39.46	¥95.32	¥(55.86)	

Note: Comprehensive income for six months ended September 30, 2020 and 2019

2020: 49,866 millions of yen, up 84.5% from 2019

2019: 27,024 millions of yen, down 84.7% from 2018

(2) Consolidated Financial Position

Millions of yen except per share amounts

	As of September 30, 2020	As of March 31, 2020
Total assets	3,594,476	3,653,686
Total equity	1,866,710	1,856,225
Komatsu Ltd. shareholders' equity	1,777,598	1,771,606
Komatsu Ltd. shareholders' equity ratio	49.5%	48.5%
Komatsu Ltd. shareholders' equity per share (Yen)	¥1,880.99	¥1,875.47

2. Dividends

(For the fiscal years ended March 31, 2020 and ending March 31, 2021)

Yen

	The entire FY ending March 31, 2021		The entire FY ended March 31, 2020
	Results	2021 Projections	
First quarter period			
Second quarter period	18.00		55.00
Third quarter period			
Year-end		25.00	39.00
Total		43.00	94.00

Note: Changes in the latest projected cash dividend as of October 28, 2020: Applicable

3. Projections for the Fiscal Year Ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

Millions of yen except per share amounts

	2021	
		Changes Increase (Decrease)
Net sales	2,119,000	(13.3%)
Operating income	134,000	(46.6%)
Income before income taxes and equity in earnings of affiliated companies	127,000	(43.1%)
Net income attributable to Komatsu Ltd.	80,000	(48.0%)
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	¥84.67	

Notes: 1) Changes in the latest projected consolidated business results as of October 28, 2020: Applicable

2) Percentages shown above represent the rates of change compared with the corresponding period a year ago.

4. Others

(1) Changes in important subsidiaries during the six-month period under review: None

(2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None

(3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates

1) Changes resulting from revisions in accounting standards, etc.: None

2) Changes in other matters except for 1) above: None

(4) Number of common shares outstanding

1) The numbers of common shares issued (including treasury stock) were as follows:

As of September 30, 2020: 972,887,610 shares

As of March 31, 2020: 972,581,230 shares

2) The numbers of shares of treasury were as follows:

As of September 30, 2020: 27,855,307 shares

As of March 31, 2020: 27,959,273 shares

3) The weighted average numbers of common shares outstanding were as follows:

Six months ended September 30, 2020: 944,084,657 shares

Six months ended September 30, 2019: 943,695,386 shares

[Reference]

Results for Three Months ended September 30, 2020

Millions of yen except per share amounts

	Three Months ended September 30, 2020	Three Months ended September 30, 2019	Changes Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Net sales	498,986	603,718	(104,732)	(17.3%)
Operating income	33,423	67,222	(33,799)	(50.3%)
Income before income taxes and equity in earnings of affiliated companies	30,033	61,302	(31,269)	(51.0%)
Net income attributable to Komatsu Ltd.	21,043	42,586	(21,543)	(50.6%)
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥22.27	¥45.11	¥(22.84)	
Diluted	¥22.26	¥45.07	¥(22.81)	

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Management Performance and Financial Conditions

(1) Outline of Operations and Business Results

Komatsu Ltd. (“Company”) and its consolidated subsidiaries (together “Komatsu”) have engaged in the three-year mid-term management plan (FY2019 - 2021), “DANTOTSU Value - FORWARD Together for Sustainable Growth” for its 100th anniversary in 2021 and beyond. Under the mid-term management plan, launched in April 2019, Komatsu upholds three pillars of growth strategies of 1) value creation by means of innovation, 2) growth strategies based on business reforms, and 3) structural reforms for growth. While economic activities remain sluggish, due to the coronavirus (COVID-19) pandemic, Komatsu will continue to make efforts for sustainable growth through a positive cycle of improving earnings and solving ESG issues into the future.

For the first six-month period (April 1- September 30, 2020) of the fiscal year ending March 31, 2021, the second year of the mid-term management plan, consolidated net sales totaled JPY 957.7 billion, down 21.1% from the corresponding period a year ago. In the construction, mining and utility equipment business, demand fell, centering on North America, Europe & CIS and Asia, as particularly affected by the coronavirus (COVID-19) pandemic. As a result, sales declined from the corresponding period a year ago. In the industrial machinery and others business, demand for presses, sheet-metal machines, and machine tools remained slack against the coronavirus (COVID-19) pandemic. As a result, sales fell from the corresponding period a year ago.

With respect to profits for the first six-month period under review, operating income dropped by 57.5% from the corresponding period a year ago, to JPY 60.3 billion. This was mainly due to reduced sales volume, and a change in the geographic composition of sales in the construction, mining and utility equipment business, while Komatsu worked to reduce fixed costs. The operating income ratio decreased by 5.4 percentage points to 6.3%. Income before income taxes and equity in earnings of affiliated companies fell by 54.3% to JPY 58.5 billion. Net income attributable to Komatsu Ltd. totaled JPY 37.2 billion, down 58.6%.

[Consolidated Financial Highlights]

Millions of yen

	Six Months ended September 30, 2020 1USD=JPY107.1 1EUR=JPY121.4 1RMB=JPY15.2	Six Months ended September 30, 2019 1USD=JPY109.0 1EUR=JPY121.6 1RMB=JPY15.8	Changes Increase (Decrease)
	[A]	[B]	[(A-B)/B]
Net sales	957,717	1,213,485	(21.1%)
Construction, Mining and Utility Equipment	876,550	1,111,674	(21.2%)
Retail Finance	32,752	34,783	(5.8%)
Industrial Machinery and Others	64,938	73,729	(11.9%)
Elimination	(16,523)	(6,701)	-
Segment profit	60,757	140,689	(56.8%)
Construction, Mining and Utility Equipment	52,217	129,833	(59.8%)
Retail Finance	4,682	6,810	(31.2%)
Industrial Machinery and Others	4,102	4,039	1.6%
Corporate & elimination	(244)	7	-
Operating income	60,342	141,982	(57.5%)
Income before income taxes and equity in earnings of affiliated companies	58,530	128,212	(54.3%)
Net income attributable to Komatsu Ltd.	37,294	90,062	(58.6%)

Note: Unless otherwise noted, all sales by segment in this report indicate the amounts before elimination of inter-segment transactions.

Business results by operation are described below.

Construction, Mining and Utility Equipment

For the first six-month period under review, sales of the construction, mining and utility equipment business decreased by 21.2% from the corresponding period a year ago, to JPY 876.5 billion. Segment profit fell by 59.8% to JPY 52.2 billion.

With respect to value creation by means of innovation, one of the three pillars of growth strategies in the mid-term management plan, Komatsu has worked to strengthen the Autonomous Haulage System (AHS) as an effort of focus, increasing the total number of AHS trucks in operation to over 260 units as of September 30, 2020. In addition to improving the safety and optimizing operations at customers' mines, Komatsu will also continue to promote mining automation as a solution to help reduce risks, such as lowered productivity, brought about by the coronavirus (COVID-19) pandemic.

Concerning the "SMARTCONSTRUCTION Digital Transformation", an effort of focus and a solutions business for construction workplaces, Komatsu is appealing its role as a solution to help customers optimize their construction work around the world. In Japan, Komatsu is introducing its retrofit kits, which provide ICT functions to conventional construction equipment, and by applications which monitor operations of dump trucks deployed for civil engineering. Komatsu will continue to accelerate the speed of achieving digital transformation of construction workplaces.

With regard to growth strategies based on business reforms, Komatsu has worked to integrate the brands of mining products made by Komatsu Mining Corp. in order to further strengthen its mining equipment business. Komatsu has also continued to strengthen its aftermarket efforts in Strategic Markets. As a main effort, Komatsu offers a new service program with a warranty period which is longer than that of extended conventional programs. In September this year, Komatsu embarked on this new program in India, following China, Thailand, and Indonesia.

[Sales to Outside Customers of Construction, Mining and Utility Equipment by Region]

Millions of yen

	Six Months ended September 30, 2020	Six Months ended September 30, 2019	Changes	
			Increase (Decrease)	
	[A]	[B]	[A-B]	[(A-B)/B]
Japan	132,208	148,738	(16,530)	(11.1%)
North America	204,120	291,405	(87,285)	(30.0%)
Latin America	125,316	148,660	(23,344)	(15.7%)
Americas	329,436	440,065	(110,629)	(25.1%)
Europe	79,594	107,747	(28,153)	(26.1%)
CIS	47,962	70,833	(22,871)	(32.3%)
Europe & CIS	127,556	178,580	(51,024)	(28.6%)
China	71,887	61,444	10,443	17.0%
Asia*	52,396	115,475	(63,079)	(54.6%)
Oceania	102,183	103,050	(867)	(0.8%)
Asia* & Oceania	154,579	218,525	(63,946)	(29.3%)
Middle East	11,807	13,634	(1,827)	(13.4%)
Africa	36,841	48,327	(11,486)	(23.8%)
Middle East & Africa	48,648	61,961	(13,313)	(21.5%)
Total	864,314	1,109,313	(244,999)	(22.1%)

Note: *Excluding Japan and China

Komatsu's operations by region are described below.

Japan

For the first six-month period under review, while the coronavirus (COVID-19) pandemic had a small impact, especially, on public works, sales declined from the corresponding period a year ago, as adversely affected by slack private-sector construction as well as limited sales and service activities.

Americas

In North America, sales dropped sharply from the corresponding period a year ago. Under slack economic activities as affected by the coronavirus (COVID-19) pandemic, demand for construction equipment fell in the rental industry and the energy-related sector, which was adversely affected by declining crude prices, and that for mining equipment remained slack. In Latin America, demand for construction equipment remained steady in Brazil, but that for construction and mining equipment remained slack in other countries. As a result, sales declined.

Europe and CIS

In Europe, sales decreased from the corresponding period a year ago, as demand remained sluggish, especially in the major markets of Germany, the United Kingdom and France. In CIS, sales fell sharply, especially affected by sluggish demand for mining equipment in coal mines, while demand was steady in gold mines.

China

Demand remained strong, supported by the government's economic stimulus measures, such as infrastructure investment, after containing the coronavirus (COVID-19) pandemic. As a result of steadily capturing growing demand, sales increased from the corresponding period a year ago, even when the share of sales made by domestic manufacturers increased.

Asia and Oceania

In Asia, sales dropped sharply from the corresponding period a year ago. Sales were adversely affected by not only sluggish demand for mining equipment in Indonesia, the largest market of the region, resulting from the declining price of thermal coal, but also sluggish demand for construction equipment, mainly in Indonesia, India, and the Philippines, under the coronavirus (COVID-19) pandemic. In Oceania, sales remained flat, as demand remained steady for mining equipment in iron ore mines as well as construction equipment.

Middle East and Africa

In the Middle East, sales fell from the corresponding period a year ago, as demand remained slack in most countries, mainly against sluggish crude oil prices and the coronavirus (COVID-19) pandemic, albeit demand showed signs of recovery in Turkey. In Africa, sales dropped, mainly affected by the governments restricted economic activities in response to the coronavirus (COVID-19) pandemic in Southern Africa. Demand for mining equipment also fell.

Retail Finance

Revenues decreased by 5.8% from the corresponding period a year ago, to JPY 32.7 billion, supported by reduced assets centering on North America. Segment profit fell by 31.2% to JPY 4.6 billion, mainly reflecting adverse effects of extension of payments and revaluation of vehicles after lease use.

Industrial Machinery and Others

For the first six-month period under review, sales declined by 11.9% from the corresponding period a year ago, to JPY 64.9 billion. This was mainly affected about by declined demand for and delayed installation of presses, sheet-metal machines, and machine tools at customers' overseas workplaces under the coronavirus (COVID-19) pandemic. Meanwhile, sales remained steady for Excimer laser-related business in the semiconductor market. As a result, segment profit increased by 1.6% to JPY 4.1 billion.

In August this year, Komatsu Industries Corp. began sales of its TFPL10-6 and TFPL08-6, TWISTER, a universal, high-performance plasma cutting machine for medium and heavy thickness plates, which integrates Komatsu's leading-edge plasma-cutting technologies.

(2) Financial Conditions

As of September 30, 2020, total assets decreased by JPY 59.2 billion from the previous fiscal year-end, to JPY 3,594.4 billion. While inventories increased, the Japanese yen appreciated against the U.S. dollar and some other currencies, and receivables and cash declined, compared to the previous fiscal year-end. Interest-bearing debt decreased by JPY 46.3 billion from the previous fiscal year-end, to JPY 966.0 billion. Komatsu Ltd. shareholders' equity increased by JPY 5.9 billion from the previous fiscal year-end, to JPY 1,777.5 billion. As a result, Komatsu Ltd. shareholders' equity ratio increased by 1.0 percentage points from the previous fiscal year-end, to 49.5%.

For the first six-month period under review, net cash provided by operating activities totaled JPY 152.5 billion, an increase of JPY 16.7 billion from the corresponding period a year ago. This increase is due to good progress made in the collection of trade notes and accounts receivable, while inventories increased. Net cash used in investing activities amounted to JPY 80.0 billion, a decrease of JPY 26.6 billion from the corresponding period a year ago, mainly due to the purchase of fixed assets. Net cash used in financing activities amounted to JPY 87.0 billion (as compared to JPY 13.6 billion used for the corresponding period a year ago), mainly due to the repayment of debt and payment of cash dividends. After adding the effects of foreign exchange fluctuations to the total amount of each cash flow, as of September 30, 2020, cash and cash equivalents totaled JPY 234.4 billion, a decrease of JPY 13.1 billion from the previous fiscal year-end.

(3) Projection for the Fiscal Year Ending March 31, 2021

(From April 1, 2020 to March 31, 2021)

In the first six-month period (April 1 - September 30, 2020) of the fiscal year ending March 31, 2021, demand for construction and mining equipment decline, particularly in North America, Europe & CIS, and Asia as affected by the coronavirus (COVID-19) pandemic. In the second six-month period (October 1, 2020 - March 31, 2021), Komatsu assumes that demand will remain steady in China and will get back on a recovery track in North America, Japan and some other regions. While Komatsu will continue to invest in growth areas, an effort of focus in the mid-term management plan, it can also look forward to benefits of reduced fixed costs by having reassessed the

priorities of projects and improved operational efficiency. As a result, we can expect that full year business results for FY2020 will outperform the projections as of July 30, 2020 and we will revise both sales and profits.

Concerning foreign exchange rates, which are preconditions for the projection of full year results, Komatsu has revised the projected exchange rate with the euro (to EUR 1=JPY 124 as the average exchange rate in the second six-month period). Accordingly, Komatsu estimates the average exchange rates for the full year as follows: USD 1=JPY 106.1, EUR 1=JPY 122.7 and RMB 1=JPY 15.1. (Initial assumption: USD 1=JPY 105.6, EUR 1=JPY 116.7 and RMB 1=JPY 15.0)

Projection for Consolidated Business Results for FY2020 (April 1, 2020 - March 31, 2021)

Millions of yen except per share amounts

	Current projection	Earlier projection	Changes		Results for FY ended March 31, 2020
	[A]	[B]	[A-B]	[(A-B)/B]	
Net sales	2,119,000	2,068,000	51,000	2.5%	2,444,870
Operating income	134,000	115,000	19,000	16.5%	250,707
Income before income taxes and equity in earnings of affiliated companies	127,000	108,000	19,000	17.6%	223,114
Net income attributable to Komatsu Ltd.	80,000	67,000	13,000	19.4%	153,844
Net income attributable to Komatsu Ltd. per share - Basic (Yen)	84.67	70.93	-	-	162.93

Basic Policy for Redistribution of Profits and Dividends for the Fiscal Year under Review

Komatsu is building a sound financial position and is enhancing its competitiveness in order to increase its sustainable corporate value. Concerning cash dividends, Komatsu has the policy of continuing stable payment of dividends after comprehensively considering consolidated business results and reviewing future investment plans, cash flows and the like. Specifically, Komatsu has the policy of maintaining a consolidated payout ratio of 40% or higher.

Concerning the interim cash dividend under this basic policy, Komatsu is planning to set JPY 18 per share, as projected on July 30, 2020. With respect to the year-end cash dividend, after reviewing business results for the first six-month period of FY2020 and considering future business prospects, Komatsu is also revising its earlier projection and planning to increase that dividend by JPY 7 from the projection, to JPY 25 per share. As a result, Komatsu plans to pay annual cash dividends of JPY 43 per share, decrease of JPY 51 from the previous fiscal year ended March 31, 2020. The consolidated payout ratio will become 50.8%, as Komatsu maintains its earlier projection.

(4) Others

- 1) Changes in important subsidiaries during the six-month period under review: None
- 2) Use of simplified accounting procedures and adoption of specific accounting procedures for the preparation of consolidated quarterly financial statements: None
- 3) Changes in significant accounting rules, procedures and presentation and changes in significant accounting policies and estimates
 - a) Changes resulting from revisions in accounting standards, etc.: None
 - b) Changes in other matters except for a) above: None

Cautionary Statement

The announcement set forth herein contains forward-looking statements which reflect management's current views with respect to certain future events, including expected financial position, operating results, and business strategies. These statements can be identified by the use of terms such as "will," "believes," "should," "projects" and similar terms and expressions that identify future events or expectations. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, unanticipated changes in demand for the Company's principal products, owing to changes in the economic conditions in the Company's principal markets; changes in exchange rates or the impact of increased competition; unanticipated cost or delays encountered in achieving the Company's objectives with respect to globalized product sourcing and new Information Technology tools; uncertainties as to the results of the Company's research and development efforts and its ability to access and protect certain intellectual property rights; and, the impact of regulatory changes and accounting principles and practices.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

Assets

Millions of yen

	As of September 30, 2020		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current assets				
Cash and cash equivalents	¥ 234,454		¥ 247,616	
Time deposits	1,399		2,057	
Trade notes and accounts receivable, net	669,907		744,395	
Inventories	838,901		805,309	
Other current assets	131,429		147,413	
Total current assets	1,876,090	52.2	1,946,790	53.3
Long-term trade receivables, net	426,638	11.9	420,918	11.5
Investments				
Investments in and advances to affiliated companies	38,014		38,210	
Investment securities	7,698		7,328	
Other	2,538		2,436	
Total investments	48,250	1.3	47,974	1.3
Property, plant and equipment				
- less accumulated depreciation and amortization	757,463	21.1	757,679	20.8
Operating lease right-of-use assets	54,487	1.5	53,454	1.5
Goodwill	158,834	4.4	157,521	4.3
Other intangible assets				
- less accumulated amortization	162,840	4.5	162,062	4.4
Deferred income taxes and other assets	109,874	3.1	107,288	2.9
Total	¥ 3,594,476	100.0	¥ 3,653,686	100.0

Liabilities and Equity

Millions of yen

	As of September 30, 2020		As of March 31, 2020	
		Ratio (%)		Ratio (%)
Current liabilities				
Short-term debt	¥ 380,289		¥ 483,658	
Current maturities of long-term debt	57,339		118,880	
Trade notes, bills and accounts payable	194,054		220,160	
Income taxes payable	22,317		23,169	
Current operating lease liabilities	14,662		14,933	
Other current liabilities	301,336		297,825	
Total current liabilities	969,997	27.0	1,158,625	31.7
Long-term liabilities				
Long-term debt	528,427		409,840	
Liability for pension and retirement benefits	95,476		96,392	
Long-term operating lease liabilities	39,752		38,624	
Deferred income taxes and other liabilities	94,114		93,980	
Total long-term liabilities	757,769	21.1	638,836	17.5
Total liabilities	1,727,766	48.1	1,797,461	49.2
Komatsu Ltd. shareholders' equity				
Common stock	69,037		68,689	
Capital surplus	136,587		136,459	
Retained earnings:				
Appropriated for legal reserve	47,258		46,813	
Unappropriated	1,699,110		1,699,477	
Accumulated other comprehensive income (loss)	(125,409)		(130,666)	
Treasury stock	(48,985)		(49,166)	
Total Komatsu Ltd. shareholders' equity	1,777,598	49.5	1,771,606	48.5
Noncontrolling interests	89,112	2.4	84,619	2.3
Total equity	1,866,710	51.9	1,856,225	50.8
Total	¥ 3,594,476	100.0	¥ 3,653,686	100.0

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Six months ended September 30, 2020 and 2019

Consolidated Statements of Income

Millions of yen except per share amounts

	Six Months ended September 30, 2020		Six Months ended September 30, 2019	
		Ratio (%)		Ratio (%)
Net sales	¥ 957,717	100.0	¥ 1,213,485	100.0
Cost of sales	699,812	73.1	855,318	70.5
Selling, general and administrative expenses	197,148	20.6	217,478	17.9
Other operating income (expenses), net	(415)	(0.0)	1,293	0.1
Operating income	60,342	6.3	141,982	11.7
Other income (expenses), net				
Interest and dividend income	2,414	0.3	3,732	0.3
Interest expense	(7,406)	(0.8)	(13,108)	(1.1)
Other, net	3,180	0.3	(4,394)	(0.4)
Total other income (expenses), net	(1,812)	(0.2)	(13,770)	(1.1)
Income before income taxes and equity in earnings of affiliated companies	58,530	6.1	128,212	10.6
Income taxes	17,098	1.8	35,618	2.9
Income before equity in earnings of affiliated companies	41,432	4.3	92,594	7.6
Equity in earnings of affiliated companies	1,189	0.1	1,730	0.1
Net income	42,621	4.5	94,324	7.8
Less: Net income attributable to noncontrolling interests	5,327	0.6	4,262	0.4
Net income attributable to Komatsu Ltd.	¥ 37,294	3.9	¥ 90,062	7.4
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 39.48		¥ 95.40	
Diluted	¥ 39.46		¥ 95.32	

Consolidated Statements of Comprehensive Income

Millions of yen

	Six Months ended September 30, 2020	Six Months ended September 30, 2019
Net income	¥ 42,621	¥ 94,324
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	6,506	(66,214)
Pension liability adjustments	487	145
Net unrealized holding gains (losses) on derivative instruments	252	(1,231)
Total other comprehensive income (loss), for the period, net of tax	7,245	(67,300)
Comprehensive income	49,866	27,024
Less: Comprehensive income (loss) attributable to noncontrolling interests	7,315	(361)
Comprehensive income attributable to Komatsu Ltd.	¥ 42,551	¥ 27,385

Three months ended September 30, 2020 and 2019

Consolidated Statements of Income

Millions of yen except per share amounts

	Three Months ended September 30, 2020		Three Months ended September 30, 2019	
		Ratio (%)		Ratio (%)
Net sales	¥ 498,986	100.0	¥ 603,718	100.0
Cost of sales	365,092	73.2	427,961	70.9
Selling, general and administrative expenses	99,775	20.0	107,811	17.9
Other operating income (expenses), net	(696)	(0.1)	(724)	(0.1)
Operating income	33,423	6.7	67,222	11.1
Other income (expenses), net				
Interest and dividend income	1,229	0.2	1,986	0.3
Interest expense	(3,565)	(0.7)	(6,458)	(1.1)
Other, net	(1,054)	(0.2)	(1,448)	(0.2)
Total other income (expenses), net	(3,390)	(0.7)	(5,920)	(1.0)
Income before income taxes and equity in earnings of affiliated companies	30,033	6.0	61,302	10.2
Income taxes	7,280	1.5	17,787	2.9
Income before equity in earnings of affiliated companies	22,753	4.6	43,515	7.2
Equity in earnings of affiliated companies	638	0.1	1,062	0.2
Net income	23,391	4.7	44,577	7.4
Less: Net income attributable to noncontrolling interests	2,348	0.5	1,991	0.3
Net income attributable to Komatsu Ltd.	¥ 21,043	4.2	¥ 42,586	7.1
Net income attributable to Komatsu Ltd. per share (Yen)				
Basic	¥ 22.27		¥ 45.11	
Diluted	¥ 22.26		¥ 45.07	

Consolidated Statements of Comprehensive Income

Millions of yen

	Three Months ended September 30, 2020	Three Months ended September 30, 2019
Net income	¥ 23,391	¥ 44,577
Other comprehensive income (loss), for the period, net of tax		
Foreign currency translation adjustments	(8,148)	(32,903)
Pension liability adjustments	223	(183)
Net unrealized holding gains (losses) on derivative instruments	489	(517)
Total other comprehensive income (loss), for the period, net of tax	(7,436)	(33,603)
Comprehensive income	15,955	10,974
Less: Comprehensive income attributable to noncontrolling interests	2,180	86
Comprehensive income attributable to Komatsu Ltd.	¥ 13,775	¥ 10,888

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six Months ended September 30, 2020	Six Months ended September 30, 2019
Operating activities		
Net income	¥ 42,621	¥ 94,324
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	64,713	64,683
Deferred income taxes	(2,689)	(330)
Impairment loss and net loss (gain) on valuation of investment securities	63	(101)
Net loss (gain) on sale of fixed assets	(99)	(620)
Loss on disposal of fixed assets	1,099	1,618
Pension and retirement benefits, net	(237)	(796)
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	72,882	56,322
Decrease (increase) in inventories	(32,499)	(88,414)
Increase (decrease) in trade payables	(25,801)	(12,440)
Increase (decrease) in income taxes payable	(1,406)	(17,030)
Other, net	33,889	38,540
Net cash provided by (used in) operating activities	152,536	135,756
Investing activities		
Capital expenditures	(85,278)	(91,837)
Proceeds from sale of fixed assets	6,010	6,979
Proceeds from sale of investment securities	21	525
Purchases of investment securities	(537)	(492)
Acquisition of subsidiaries and equity investees, net of cash acquired	(1,717)	(21,606)
Other, net	1,477	(267)
Net cash provided by (used in) investing activities	(80,024)	(106,698)
Financing activities		
Proceeds from debt issued (Original maturities greater than three months)	407,541	230,299
Payment on debt (Original maturities greater than three months)	(418,930)	(228,337)
Short-term debt, net (Original maturities three months or less)	(33,828)	45,511
Dividends paid	(36,859)	(55,719)
Other, net	(4,938)	(5,417)
Net cash provided by (used in) financing activities	(87,014)	(13,663)
Effect of exchange rate change on cash and cash equivalents	1,340	(872)
Net increase (decrease) in cash and cash equivalents	(13,162)	14,523
Cash and cash equivalents, beginning of year	247,616	148,479
Cash and cash equivalents, end of period	¥ 234,454	¥ 163,002

(4) Note to the Going Concern Assumption

None

(5) Business Segment Information

1) Information by Operating Segments

Six Months ended September 30, 2020 and 2019

(For Six Months ended September 30, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	864,314	28,928	64,475	957,717	-	957,717
Intersegment	12,236	3,824	463	16,523	(16,523)	-
Total	876,550	32,752	64,938	974,240	(16,523)	957,717
Segment profit	52,217	4,682	4,102	61,001	(244)	60,757

(For Six Months ended September 30, 2019)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	1,109,313	31,144	73,028	1,213,485	-	1,213,485
Intersegment	2,361	3,639	701	6,701	(6,701)	-
Total	1,111,674	34,783	73,729	1,220,186	(6,701)	1,213,485
Segment profit	129,833	6,810	4,039	140,682	7	140,689

Three Months ended September 30, 2020 and 2019

(For Three Months ended September 30, 2020)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	444,309	14,980	39,697	498,986	-	498,986
Intersegment	6,430	1,851	219	8,500	(8,500)	-
Total	450,739	16,831	39,916	507,486	(8,500)	498,986
Segment profit	29,017	2,787	2,395	34,199	(80)	34,119

(For Three Months ended September 30, 2019)

Millions of yen

	Construction, Mining and Utility Equipment	Retail Finance	Industrial Machinery and Others	Subtotal	Corporate & elimination	Total
Net sales:						
Customers	548,715	15,678	39,325	603,718	-	603,718
Intersegment	1,482	1,826	383	3,691	(3,691)	-
Total	550,197	17,504	39,708	607,409	(3,691)	603,718
Segment profit	61,144	3,406	3,485	68,035	(89)	67,946

Notes: 1) Business categories and principal products & services included in each operating segment are as follows:

a) Construction, Mining and Utility Equipment

Excavating equipment, loading equipment, grading & roadbed preparation equipment, hauling equipment, forestry equipment, tunneling machines, underground mining equipment, recycling equipment, industrial vehicles, other equipment, engines & components, casting products, and logistics

b) Retail Finance

Financing

c) Industrial Machinery and Others

Metal forging & stamping presses, sheet-metal machines, machine tools, defense systems, temperature-control equipment, and optical machinery

2) Transfers between segments are made at estimated arm's-length prices.

2) Geographic Information

Net sales determined by customer location were as follows:

For Six Months ended September 30, 2020 and 2019

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2020	168,712	358,280	132,225	79,004	170,720	48,776	957,717
FY2019	183,835	471,643	183,373	74,145	238,305	62,184	1,213,485

Note: * Excluding Japan and China

For Three Months ended September 30, 2020 and 2019

Millions of yen

	Japan	Americas	Europe & CIS	China	Asia* & Oceania	Middle East & Africa	Total
FY2020	94,469	185,131	69,943	32,304	89,127	28,012	498,986
FY2019	105,759	238,461	88,402	30,855	108,997	31,244	603,718

Note: * Excluding Japan and China

(6) Note in Case of Notable Changes in the Amount of Shareholders' Equity

None

(end)